

## Message Text

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PAGE 01 STATE 184000  
ORIGIN NEA-10

INFO OCT-01 ISO-00 COME-00 EB-08 /019 R

DRAFTED BY NEA/INS:AATHIBAULT,JR.:JES  
APPROVED BY NEA/INS:DKUX  
-----006997 061627Z /12  
R 051324Z AUG 77  
FM SECSTATE WASHDC  
TO AMEMBASSY COLOMBO

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E.O. 11652: N/A

TAGS: BDIS, CE

SUBJECT: FURTHER TRAVAILS FOR EAGLE SHIRT IN SRI LANKA

REF: COLOMBO 1829 AND EARLIER

1. EAGLE SHIRT CO. OFFICIAL LARRY FIHMA HAS INFORMED THE DEPARTMENT THAT EAGLE'S PROBLEMS IN SRI LANKA APPEAR TO HAVE WORSENERED IN RECENT WEEKS. ACCORDING TO FIHMA, DESPITE REPEATED ASSURANCES THAT CUSTOMS PROBLEMS WILL BE RESOLVED (REFTEL) VERY LITTLE IS BEING CLEARED. FIHMA STATED THAT ITS LOCAL COLLABORATOR, DASA, IS IN PRECARIOUS FINANCIAL CONDITION, UNABLE TO PAY CUSTOMS FEES AND DEEPLY EMBROILED WITH LOCAL BANKS WHICH ARE NOW PREVENTING EAGLE FROM COLLECTING ON LETTERS OF CREDIT OPENED IN DASA'S FAVOR. PRODUCTION SHORTFALLS AND ARREARS IN DASA PAYMENTS FOR PIECE GOODS ALREADY IMPORTED ADD TO EAGLE'S HEADACHES.

2. FIHMA STATED THAT EAGLE HAS APPROXIMATELY 200,000 DOLS TIED UP IN SRI LANKA WHICH WILL RAPIDLY BECOME A NET LIABILITY IF SOME ANSWER TO THESE DIFFICULTIES CANNOT BE

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FOUND. HE MADE NO DIRECT REQUEST FOR EMBASSY ASSISTANCE AND INDEED HIS ACCOUNT PLACED ALL OF THE BLAME ON EAGLE'S PRIVATE PARTNERS AND BANKS IN SRI LANKA. DEPTOFF URGED

THE DESPATCH OF AN EAGLE REPRESENTATIVE TO PURSUE THESE PROBLEMS ON THE SPOT FOR WHATEVER TIME IS NECESSARY BUT FIHMA'S RESPONSE WAS DOUBTFUL AND NON-COMMITTAL. VISIT BY

PRODUCTION VICE PRESIDENT IN JUNE, HE SAID, CHARACTERISTICALLY YIELDED MANY PROMISES BUT NO FOLLOW-UP.

3. COMMENT: WE CONTINUE TO BELIEVE THAT IT IS IN CEYLONESE SELF-INTEREST TO EXPEDITE A SOLUTION TO EAGLE'S PROBLEMS, ESPECIALLY IN LIGHT OF UNP GOVERNMENT'S STRONG INTEREST IN PROMOTING PRIVATE FOREIGN INVESTMENT. WE HAVE URGED THIS VIEW ON SRI LANKA EMBASSY HERE, POINTING OUT THAT ANY ADVERSE PUBLICITY ON EAGLE'S PROBLEM COULD IMPACT NEGATIVELY ON U.S. INVESTMENT PROSPECTS. INDEED, THE NEW GOVERNMENT WOULD BE DEMONSTRATING ITS BONA FIDES IN SEEKING TO CREATE CONDITIONS ATTRACTIVE TO NEW INVESTMENT BY MOVING QUICKLY TO BRING THE VARIOUS PARTIES TOGETHER WITH THE AIM OF GETTING EAGLE'S SHIRT EXPORTS MOVING. THIS ATTITUDE WOULD STAND IN NOTABLE CONTRAST TO THAT DISPLAYED BY ITS PREDECESSOR.

4. AMBASSADOR WRIGGINS HAS BEEN BRIEFED IN DEPARTMENT ON EAGLE'S PROBLEMS AND THIS MAY BE AN ISSUE HE MIGHT WISH TO RAISE SELECTIVELY DURING SOME OF HIS INITIAL CALLS. CHRISTOPHER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
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**TAGS:** BDIS, CE  
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**Review Markings:**  
Margaret P. Grafeld  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009